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ABSTRACT

This document was developed to help school administrators plan procedures to assist district staff prepare for retirement. A district is not required to offer the services suggested in these pages. Furthermore, this document is not intended for and should not be used as a handbook or guide to be given to district employees. However, a district may find that the services outlined here may be a significant contribution to teacher welfare. The major services outlined are an introduction to retirement planning, early preparation for retirement, and preretirement counseling. (Author/IRT)

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SUGGESTED PERSONNEL POLICY GUIDELINES FOR SCHOOL DISTRICTS

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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SCHOOL EMPLOYES RETIREMENT

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EA 008 726

FOREWORD

This document was developed to help school administrators plan procedures to assist district staff look toward and be ready for retirement.

A district is *not* required to offer the services suggested in these pages. Furthermore, this document is *not* intended for and should *not* be used in present form as a handbook or guide to be given to district employes. However, with the growing interest in and varieties of support programs to help individuals use retirement years in creative and satisfying ways, a district may find that services outlined herein may be a significant contribution to teacher welfare.

The State Board of Education's Personnel Management Advisory Committee is pleased to provide this document for local district administrators. Valuable assistance was provided by Al Bigler, George Martin, Frank Dummer, John Heilbronner, Clell Conrad, Don Kipp and Al Rousseau, Chairman of the subcommittee that directed its development.

Please contact us if we can be of further assistance on these or other personnel matters.

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August 1976

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SCHOOL EMPLOYES RETIREMENT: A GUIDE FOR DISTRICT ADMINISTRATORS

School district officials may want to provide retirement counseling to employes, but they *are not required to do so.* Should they decide to do so, suggestions herein may be useful to determine the extent of services a district may choose to provide. Such districts may want to consider developing their services in consultation with employes and district patrons.

Officials are cautioned against providing specific factual information and dollar estimates to employes. Representatives from other agencies can best provide such data.

I. Authority

ORS 332.107--"Each district school board may establish rules for the government of the schools and pupils consistent with the rules of the State Board of Education."

ORS 332.535--"All school districts shall maintain written personnel policies."

ORS 239--"Retirement Plan For School District Employes."

II. Philosophy

The Personnel Management Advisory Committee of the State Board of Education believes that the matter of retirement has become an increasingly important issue requiring the attention of local school districts on behalf of their employes. With present and potential improvement in the retirement benefits, the increasing pressures on school district personnel, the retirement of working spouses, greater social acceptability of the idea of early retirement, and the growth of opportunities for a variety of useful services during retirement, it becomes clear that good personnel service programs require giving attention to retirement counseling.

Retirement, when wisely planned, may become a tool through which the local school district may improve services to children, and a way in which current district employes may seek and find other outlets for enthusiasms and skills during life's later years.

A district may find that one or more of its employes has a strong and continuing desire to maintain contact with children in a way other than as a full-time employe. Retirement, followed by volunteer service or by substitute teaching up to the allowable limit, may be attractive to individuals and may be a service to the district.

Moreover, the improvement in retirement benefits may provide economic security in excess of that in previous years and at a level not anticipated by those who may retire. Early retirement may also offer economic advantages when fully explored. The combination of state retirement, Social Security, planned annuities, property investments, tax rebates and other income may well produce a "take-home pay" that exceeds the net on present salary. This is worth exploring!

These considerations and the details of such services make it desirable for a district to assign the responsibility for "retirement counseling" to a staff member. A larger district may wish to make this a major staff assignment. Some districts may wish to use the material presented in this document to develop an employes' handbook on retirement. The following pages outline some of the specific services a district may provide employes.

III. Introduction to Retirement Planning

Employes, both certified and classified, should be informed about the Oregon Public Employes Retirement System (PERS) early in the start of service to the district. This is particularly true if they are entering public employment in Oregon for the first time. They should be informed about:

A. Participation in the system after completing their first six months of service and the impact of the first withholding from salary for retirement.

B. The district's payment to the individual account and the basis for that payment.

C. The variable annuity program and the various factors that should be considered in this decision.

D. *Current* options that will be available upon retirement.

E. Changes that generally occur in the retirement system at each session of the Oregon legislature which make it difficult to estimate what benefits an employe may have at the time of actual retirement.

F. Options *currently* open to a person leaving public employment.

G. *Current* options for early retirement and related benefit patterns.

H. *Current* status of disability and death benefits.

I. *Current* PERS documents (usually updated yearly) describing the service, and instructions about how further specific information may be obtained.

This document does not provide specific information about the details of retirement security and benefit programs. Changes in both state and federal programs and the duration of public employment make it extremely difficult to describe adequately specific amounts of retirement benefits.

Employes will probably already be subject to Social Security and will have already experienced deductions from salary for this purpose. They may want to be told of the effect of early retirement on Social Security benefits. They should be helped to realize that Social Security and PERS benefits are both a part of economic security provided at the time of retirement.

Employes may want to know about tax-sheltered annuities--what they are, their advantages, and how employes may enter such a program if available.

Employes will probably need to be encouraged to plan now for proper retirement. This is particularly true for those who enter teaching in their middle years when families are grown. Younger persons may find it more difficult to think about days so far ahead; but they, too, should be encouraged.

IV. Early Preparation for Retirement

A school district will find it useful to assist employes to review regularly the impact of both federal and state legislation as it affects retirement planning. Changing efforts provide for early retirement with minimum loss of economic benefits. Regular factual information should be provided, although no effort should be made to interpret this in exact dollars for individual employes.

An important part of early and continuing efforts to assist employes may include a review of the ways in which early retirement has become more acceptable as a good social and personal goal.

Employes should review their retirement plans at intervals during the time of employment, just as they will probably want to review other forms of personal insurance as family conditions change. Retirement benefits are an integral part of planned insurance programs.

The resources of PERS staff and local insurance agents may be enlisted and announced to staff. (Districts may find it profitable to outline carefully the information sought from them.) Employes should be encouraged to look at new forms of deferred annuities and other tax shelter plans as their income increases, promotion takes place, families grow up.

Districts may want to review with employes the options open to them if they consider the possibility of leaving teaching to serve with other agencies, to enter private employment, or to retire. This should include clear descriptions of options open should one later return to public employment in Oregon.

Current employes may be helped to realize early that retirement is really entrance into a new job. Preparation for retirement resembles preparation for teaching. The school district may want to plan courses to help employes get ready to enter the job of making retirement a rich experience, recognizing that it is a time when employes may want to continue to serve in new ways or do many other things they always wished they had time for. New skills may be developed, new hobbies or physical activities pursued, new lands (at home and away) explored, and new mental pursuits developed. Many community and state agencies have programs and classes designed to assist in the preparation for new opportunities, among them the University of Oregon and the community colleges.

V. Pre-retirement Counseling

It is important that employes be helped to look toward and to plan effectively for actual retirement. A school district may find it advantageous to provide a program of pre-retirement counseling. Various agency resource personnel, including PERS staff, should be used to assist in this counseling. Such counseling should be available to all employes, and they should be encouraged to use the services at any time while in district employment. It is too late to wait until the last year of service. Planning is essential. Occasional follow-up conferences are important and should be programmed as part of the service.

Pre-retirement counseling may include conversations with the employe about:

A. What does the employe want to discuss?

B. What is the condition of the employe's retirement insurance program? Has he or she reviewed and appropriately modified earlier plans as changes in family and financial obligations have changed?

C. Is the employe aware of changes in Oregon public employe legislation over recent years and the impact on retirement benefits?

D. Have plans been made, or will they be made at a later date for the disposition of assets and other considerations brought about by death of employe or spouse prior to retirement? Have the advantages of term insurance been explored?

E. What special consideration, if any, should be given to death after retirement? What is the condition of the estate? Is the will up-to-date? Are heirs currently correct? Has legal advice been regularly sought on these matters? (These questions may be appropriate for other counseling sessions.)

F. Has the employe established date of birth as required by PERS?

G. Have the possible benefits of early retirement been explored?

H. What are the current implications of disability retirement benefits and under what conditions are they available?

I. Has the employe obtained up-to-date data on the amount of estimated payment from state retirement?* Has information been obtained from PERS for a number of patterns of early or compulsory retirement? Have arrangements been made to have PERS personnel meet with district employes?

J. What does the employe feel about early retirement?

1. What new interests have been conscientiously developed in preparation for early retirement?

2. What study has been made of other opportunities, in the community or elsewhere, that will provide a useful outlet of energy and interests?

3. Have the employe and spouse discussed the consequences of retirement?

a. Has simultaneous retirement for both been coordinated when possible?

b. What does the spouse expect to be the result of employe retirement? Have plans been made for mutual activities and use of time?

c. What is the impact of retirement on the benefits received by a spouse already retired?

K. What do children and other members of the family suggest regarding retirement plans?

The following are programs and opportunities the district may decide to provide retiring employes and should be discussed during counseling:

A. What incentives or special conditions does the district provide to encourage early retirement?

B. Does the district provide opportunities for gradual entry into retirement prior to age 65 that will enable the employe to maintain contact with children or to continue to provide services at a lower level of responsibility or for shorter periods of time each month?

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*See Appendix A (pages 9-10) for a method for obtaining an *estimate* of state retirement benefits.

C. What is the position of the district on and the impact of accumulated unused sick leave?

D. Are former retired employes invited to meet with potential retirees to discuss retirement matters?

Most employes will undoubtedly appreciate efforts by the employing school district for providing assistance in finding answers to these and other questions. Again, these questions should be approached prior to the time of actual retirement, and on other occasions as desirable. Many employes will probably fail to give proper consideration to a number of the matters listed above without the assistance of district retirement counselors.

VI. The Time for Retirement

The time comes when an employe takes early retirement or must retire under district and state policies. What can the district do to help?

If the suggestions offered above have been implemented, and these services used by the retiring employe, the actual impact of retirement will be minimal. Most districts already have some form of recognition, often sponsored by the local employe association. Others have a process through which the school board plays a part in recognizing retirees. Some may do nothing. In any event, it will be good to determine how much attention the retiree finds comfortable.

In addition to a recognition, such as suggested above, a district may find it desirable to have a formal "exit" interview. This may be useful to the district as a way to express a different kind of appreciation, to "pick the brain" of the retiree regarding the good things he or she has found in the district and his or her suggestions for improvement.

District personnel may offer to help retirees in the following matters:

A. Does the employe need any final help in making the contacts necessary to *start* retirement benefits?

   a. Public Employes Retirement System benefits?

   b. Social Security benefits?

   c. Annuity and other insurance benefits?

B. What information does the employe want regarding accumulated sick leave and how such leave becomes a part of state retirement benefits, if provided by the district?

C. Should keys or other district properties be returned?

D. What arrangements does the employe want to make for receiving the last district paycheck(s)? Can the final months be paid all at once? Will unusual items make the final check more or less than normal?

E. When will the employe get the W2 form and what should be done with it?

F. What unemployment benefits are available, if any?

G. How are arrangements made for Medicare? For supplemental protection? For continuing membership in health insurance programs provided by the district?

H. Is help needed to determine property tax relief programs that may be available?

I What arrangements are to be made for some form of continued service to the district? As a part-time employe? As a substitute? As a volunteer?

J. What information may be provided about organizations of retired persons, teachers or others, in the community?

K. How does one locate senior citizens programs available in the community, and how does one take part in them?

L. Are there special arrangements for enrolling in adult, community college and other programs of study?

M. Is help needed to establish emeritus relationships with professional organizations?

N. What other matters concern the retiree that district personnel may be able to answer?

The district may also wish to consider forms of post-retirement activity. This may be continued counseling on retirement matters. It may be additional help in the use of time as the years bring about changes in energy and interests. It may be about changes in retirement laws. Do the retiree and spouse need help in making new and continuing adjustments to retirement? There will undoubtedly be many questions that will arise if the opportunity is provided for them through this program.

VII. Summary

It is the opinion of the Personnel Management Advisory Committee that a district which develops and implements a district-wide service that encompasses the matters listed above would be meeting a major need of district employes. Members of the Committee will be glad to discuss this further with district leaders where interest may develop in retirement management services.

VIII. Sources

A number of regional offices of both the Public Employes Retirement System and Social Security Administration are located in Oregon. These are shown in Appendix B, page 11.

Growing numbers of technical and general publications dealing with retirement matters include the following:

Members' Handbook, 1976 (Public Employes Retirement System, 1221 SW Yamhill Street, Portland, OR 97205)

Your Social Security (U. S. Department of Health, Education, and Welfare; Social Security Administration; DHEW Publication No. (SSA) 75-10035) May 1975

The Retirement Handbook: A Complete Planning Guide to Your Future, Revised and enlarged 4th edition, Joseph C. Buckley, edited by Henry Schmidt (New York: Harper and Row, 1971)

Dynamic Retirement: How to Retire and Love It, Mark Staley and Ralph H. Singleton (Cleveland: Uniline, 1976)

See "Can Retirement Be a Commencement?" Phi Delta Kappan (June 1976), pp. 642-654.

Employes nearing the time of retirement may be interested in membership in the American Association of Retired Persons (AARP). Membership provides a subscription to the bimonthly "Modern Maturity," the AARP monthly News Bulletin, and a variety of other special benefits and services.

IX. Checklists

The pages of this document present a number of suggestions to district personnel and to potential retirees. These have been summarized in a checklist shown in Appendix C, page 12.

APPENDIX A

HOW TO FIGURE YOUR APPROXIMATE MONTHLY RETIREMENT BENEFITS

SCHOOL DISTRICT FORMULA

(for those districts providing sick leave benefits)

FOR DISTRICT STAFF USE ONLY

FIRST PART

MONTHLY PENSION BASED ON DISTRICT CONTRIBUTION

MONTHLY AVERAGE SALARY OF THREE HIGHEST YEARS IN LAST TEN:		AVERAGE HOURS IN WORKING MONTH:		HOURLY VALUE:
----------	÷	173.3	=	----------

HOURLY VALUE:		ONE HALF OF ACCUMULATED SICK LEAVE HOURS:		TOTAL VALUE OF SICK LEAVE		TOTAL SALARY OF THREE HIGHEST YEARS OUT OF LAST TEN:	
----------	X	----------	=	----------	+	----------	=

TOTAL AMOUNT INCLUDING SICK LEAVE:		NUMBER OF MONTHS IN LAST THREE YEARS:		MONTHLY AVERAGE SALARY INCLUDING SICK LEAVE:		NUMBER OF YEARS NOT INCLUDED IN PRIOR SERVICE:		FIXED PERCENTAGE:	
----------	÷	36	=	----------	X	----------	X	1%[a]	=

MONTHLY PENSION:

= ----------

a. All figures with this symbol are subject to annual change. These are in use in 1975-76.
b. Exact information may be obtained from PERS.

(Over)

FOR DISTRICT STAFF USE ONLY

SECOND PART

MONTHLY ANNUITY BASED ON EMPLOYE CONTRIBUTIONS _____

	Age: 65		Age: 60	MONTHLY ANNUITY:
ACCOUNT BALANCE AT RETIREMENT	X $9.08[a] per $1,000	Male	7.858[a] per $1,000	
	x $7.314[a] per $1,000	Female	6.581[a] per $1,000	=
_____	X .00908[a] or .007314[a]		.007858[a] .006581[a]	= _____

THIRD PART

Add

$4.00 PER MONTH FOR YEARS OF SERVICE PRIOR TO JULY 1,1946 _____

TOTAL ABOVE AMOUNTS TO GET MONTHLY BENEFIT OPTION I. _____

		Male 60	Wife 60
OPTION #2	Male 65 - Wife 63 Spouse will continue to receive same amount on beneficiary's death. 71.24%[a] of total straight life annuity plan.	77.08[a]	
OPTION #3	Spouse will receive one-half of total straight life amount on beneficiary's death. 83.20%[a] of straight life annuity plan.		87.04[a]

a. All figures with this symbol are subject to annual change. These are in use in 1975-76.
b. Exact information may be obtained from PERS.

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APPENDIX B

SOURCES

Following is a list of agency offices available to provide information and assistance before and after retirement:

I. Public Employes Retirement System

EUGENE
541 Willamette - 97401
Rm 104 (Mondays only)
686-7556

PENDLETON
216 SE Emigrant - 97801
(Mondays only)
276-6131, Ext 277

PORTLAND
200 Terminal Plaze
1221 SW Yamhill - 97205
299-5824 (weekdays)

SALEM
309 Public Service Bldg - 97310
(Mondays and Fridays only)
378-3703

II. Federal Social Security Administration (offices servicing Oregon counties)

ALBANY
1025 S Bain St
PO Box 968 - 97321
926-5811

ASTORIA
279 6th St - 97103
325-4762

BEAVERTON
Room 318 Park Plaza West
10700 SW Beaverton-Hillsdale Hwy-97005
643-6633

BEND
39 Louisiana Ave
PO Box 1247 - 97701
382-6922

COOS BAY
381 N 2nd St
PO Box 270 - 97420
269-5124

EUGENE
377 Pearl St
PO Box 1337 - 97401
687-6471

KLAMATH FALLS
1020 Pine St
PO Box 549 - 97601
882-7761

LA GRANDE
1802 4th St
PO Box 1027 - 97850
963-4131

MEDFORD
1017 N Riverside St
PO Box 876 - 97501
779-2351

ONTARIO
2024 SW 4th Ave - 97914
889-3146

PENDLETON
715 SE Court St - 97801
276-3811

PORTLAND
1221 SW 12th Ave - 97205
221-3381

PORTLAND EAST
16145 E Burnside - 97233
255-5446

PORTLAND SOUTH
13750 SE McLoughlin
Milwaukie - 97222
653-2030

ROSEBURG
1033 SE Stephens
PO Box 1397 - 97470
672-5731

SALEM
702 Church St NE
PO Box 149 - 97308
399-5600

THE DALLES
420 E 3rd St - 97058
298-5147

WALLA WALLA, WASHINGTON
335 S 2nd Ave
PO Box 947 - 99362
(509) 525-5500

APPENDIX C

CHECKLIST FOR DISTRICT PERSONNEL

Item	For (Employe's Name):	Date(s) Completed
A.	Has the new employe been told about:	
1.	Conditions for becoming a member of PERS?	___
2.	Pattern of district contribution to PERS?	___
3.	Variable annuity options?	___
4.	Retirement options currently available?	___
5.	Probability of changes prior to retirement?	___
6.	Current status of disability and death benefits?	___
B.	Have the following been reviewed with employe:	
1.	Status of insurance protection plans?	___
2.	Changes in Oregon retirement system?	___
3.	Advantages of term insurance and tax sheltered annuities?	___
4.	Incentives for early retirement?	___
5.	District plans for gradual induction into retirement?	___
6.	Current estimates of retirement benefits?	___
7.	Use of accumulated sick leave?	___
8.	Feelings of employe about retirement?	___
9.	Results of discussions by employe with spouse and/or children about retirement?	___
C.	Does the employe need help with:	
1.	Obtaining estimates of retirement benefits?	___
2.	The impact of accumulated sick leave on benefits?	___
3.	"Checking out" activities with district?	___
4.	Receipt of last district checks and W2's?	___
5.	Arrangements for Medicare and supplements, and continuation of other protection plans?	___
6.	Property tax relief and other special tax matters?	___
7.	Plans for part-time or volunteer employment?	___
8.	Special programs and organizations for retired person?	___
9.	Other matters? List here:	___